

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT	)	CASE NO.
OF SANDY VALLEY WATER DISTRICT	)	2004-00156

O R D E R

On April 27, 2004, Sandy Valley Water District (“Sandy Valley”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure. KRS 278.012 and 807 KAR 5:068.

Mountain Water District (“Mountain”) requested and was granted full intervention by Order dated May 13, 2004.

Sandy Valley purchases water from the city of Pikeville (“Pikeville”) and the city of Prestonsburg (“Prestonsburg”). Prestonsburg, a municipal water system, notified Sandy Valley that effective with its March 2004 consumption its wholesale water rate would increase.

Mountain, in its motion, stated that water purchased from Prestonsburg does not enter Mountain’s system through Sandy Valley. Mountain maintains that the water it purchases from Sandy Valley is purchased from Pikeville. Mountain further requests that the Commission not allow the purchased water adjustment be applied to Mountain’s rate. It further states that, “in the alternative, the increase should not exceed that of the retail customer class or that shown by a valid cost of service study.”<sup>1</sup>

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<sup>1</sup> See Case No. 1991-00308, Purchased Water Adjustment of Sandy Valley Water District (November 15, 1991).

In two prior cases, the Commission has stated that the purchased water mechanism as outlined in KRS 278.012 and 807 KAR 5:068 does not allow the Commission to differentiate where or how the purchased water factor is applied. In Case No. 1991-00308, the Commission stated that it was “of the opinion that the purchased water adjustment should be applied to all customers of Sandy Valley; therefore, the purchase water factor should be added to Mountain’s present rate.”<sup>2</sup> In Case No. 1998-00217, the Commission held that “Administrative Regulation 807 KAR 5:068 does not permit deviations from its provisions. In such absence of such provisions, the Commission lacks the authority to grant Mountain’s requested relief.”<sup>3</sup>

Mountain’s assertion that the increase would or may exceed the retail customer’s increase has no merit as the total increase is a per thousand gallon rate increase. The purchased water factor of \$0.05 per thousand gallon is no higher for the retail, wholesale, or bulk user of Sandy Valley.

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. Sandy Valley purchases water from Pikeville and Prestonsburg.
2. During the 12 months ending February 29, 2004, Sandy Valley purchased 188,916,000 gallons of water from Pikeville and 46,384,000 gallons of water from Prestonsburg and sold 188,767,600 gallons. The increase in the cost of purchased water is \$9,954, resulting in a purchased water adjustment of \$0.05 per 1,000 gallons.

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<sup>2</sup> See Case No. 1998-00217, Purchased Water Adjustment of Sandy Valley Water District (July 8, 1998).

<sup>3</sup> See Motion to Intervene by Mountain Water District (May 7, 2004).

Based on an average monthly usage of 5,000 gallons, the customer's monthly bill will increase \$0.25 from \$24.50 to \$24.75 or 1.02 percent.

4. The purchased water adjustment of \$0.05 per 1,000 gallons is fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The retail rates for Sandy Valley in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and are approved.

2. Within 20 days of the date of this Order, Sandy Valley shall file with the Commission revised tariff sheets showing the rates approved herein.

Done at Frankfort, Kentucky, this 26<sup>th</sup> day May 26, 2004.

By the Commission

ATTEST:

  
Executive Director

## APPENDIX A

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00156 DATED May 26, 2004

The following rates and charges are prescribed for the customers in the area served by Sandy Valley Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

#### Monthly Water Rates

##### 5/8 Inch x 3/4 Inch Meter

First	2,000	gallons	\$11.10 Minimum Bill
Next	3,000	gallons	4.55 per 1,000 gallons
Next	15,000	gallons	4.15 per 1,000 gallons
Next	30,000	gallons	3.67 per 1,000 gallons
Next	50,000	gallons	3.44 per 1,000 gallons
Over	100,000	gallons	3.27 per 1,000 gallons

##### 1 Inch Meter

First	5,000	gallons	\$24.75 Minimum Bill
Next	15,000	gallons	4.15 per 1,000 gallons
Next	30,000	gallons	3.67 per 1,000 gallons
Next	50,000	gallons	3.44 per 1,000 gallons
Over	100,000	gallons	3.27 per 1,000 gallons

##### 2 Inch Meter

First	25,000	gallons	\$105.35 Minimum Bill
Next	25,000	gallons	3.67 per 1,000 gallons
Next	50,000	gallons	3.44 per 1,000 gallons
Over	100,000	gallons	3.27 per 1,000 gallons

##### 3 Inch Meter

First	50,000	gallons	\$197.10 Minimum Bill
Next	50,000	gallons	3.44 per 1,000 gallons
Over	100,000	gallons	3.27 per 1,000 gallons

##### 4 Inch Meter

First	100,000	gallons	\$369.10 Minimum Bill
Over	100,000	gallons	3.27 per 1,000 gallons

Wholesale Rate

Mountain Water District  
All other bulk users

\$2.45 per 1,000 gallons  
3.27 per 1,000 gallons